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5 SEP 1969

The Honorable Emanuel Celler, Chairman
Committee on the Judiciary
House of Representatives
Washington, D. C. 20515

STATINTL

My dear Mr. Chairman:

This is in response to your request for a report on H. R. 4869, STATINTL
a private bill for the relief of [redacted]
STATINTL

This Agency executed a personal services contract with [redacted] on 17 October 1957. The contract reflected the intended employer-employee relationship to be established and, in addition to a stipulated per annum compensation, included provisions for reimbursement of authorized travel, Federal Employees' Compensation Act benefits, Social Security coverage, and sick and annual leave.

STATINTL

In 1962 the Army, in conformance with 42 Comptroller General 9, reduced the retired pay of [redacted] to bring his combined contract and retired pay within the $10,000 annual limitation imposed by Section 212, Act of 30 June 1932, as amended. [redacted] then negotiated a reduction in his contract compensation from $9,215 to $7,397.68 per annum to permit the Army to reinstate his tax-exempt retired pay at the full rate without exceeding the $10,000 limitation.

STATINTL

On 19 August 1964 military retirements similar to [redacted] were exempted from the $10,000 annual limitation on the concurrent receipt of civilian compensation and retired pay (P.L. 88-448, Section 201(g)). That law also authorized the retroactive payment of military pay at the full rate in such cases.

STATINTL

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STATINTL

H.R. 4665 provides for the payment to [redacted] "... the sum of $3,894.64 in full settlement of all his claims against the United States arising in connection with a reduction in his salary for the period beginning October 1, 1962, and ending October 30, 1964, while he was a contract employee of the Central Intelligence Agency."

The amount set forth in H.R. 4665 equals the gross difference between the per annum compensation paid under the contract from 1 October 1962 through 30 September 1964 and the amount which would have been paid had the per annum compensation remained at the 30 September 1962 rate. The contract expired on 30 October 1964. Following the enactment of P.L. 88-[illegible], [redacted] requested payment in this amount from this Agency. This payment was not made, on the basis that the compensation which was in effect over the period in question had been agreed to by both parties and that there was no consideration to support the payment of any other amount.

STATINTL

In light of the above we have no basis for recommending favorable action on the bill. If the Congress should decide that relief is warranted, we believe that any tax advantage which [redacted] received during the period in question should be offset against any award.

The Bureau of the Budget has advised that there is no objection to the submission of this report.

Sincerely,

Richard Helms
Director

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